Government of Manitoba

ECONOMIC AND FISCAL BACKGROUND

Pre-Budget Consultations

Honourable Eugene Kostyra
Minister of Finance

November, 1987

Manitoba

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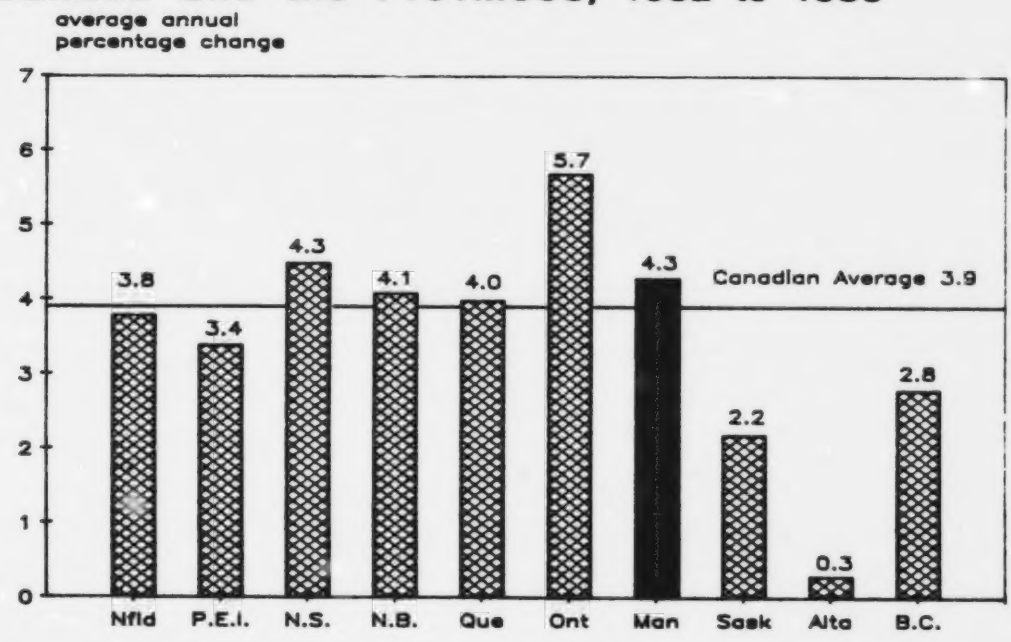
ECONOMIC REVIEW

Manitoba, benefiting from a diversified economy and committed public and private sector leadership, managed the economic crisis of the early 1980s with vital services intact and with a stronger foundation for continued growth and development based on key strengths.

According to our estimates, over the 1982 to 1986 period, Gross Provincial Product in Manitoba advanced at an average annual rate of 8.5%, or close to a full percentage point higher than the 7.6% growth achieved in Canada.

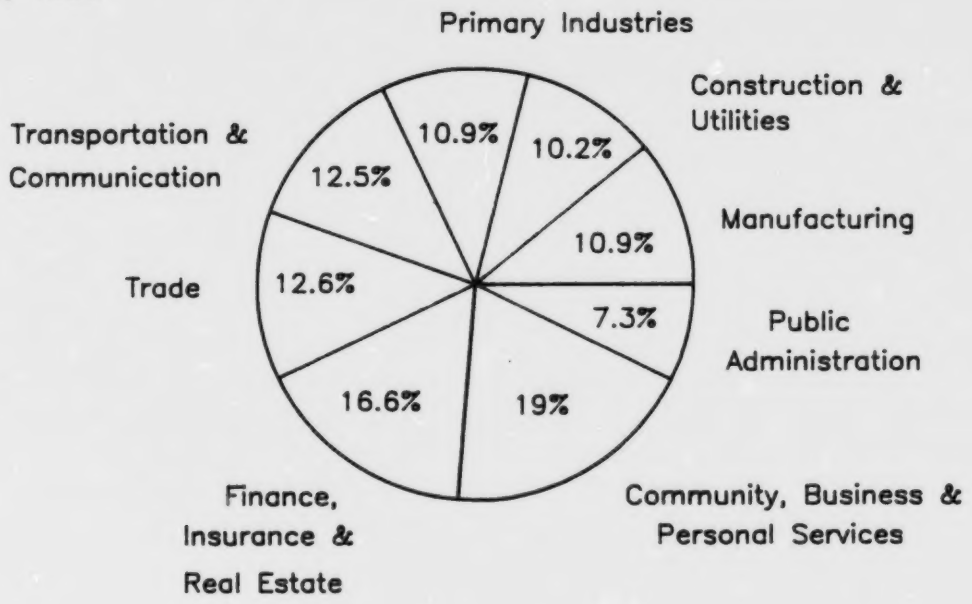
In real terms, Gross Domestic Product, as estimated by the Conference Board of Canada, increased at an annual average rate of 4.3% in Manitoba from 1982 to 1986, the second strongest growth among provinces after Ontario, and well above the Canadian average of 3.9%.

Real Gross Domestic Product at Factor Cost, Canada and the Provinces, 1982 to 1986



Source: Conference Board of Canada, Summer, 1987

Industry Shares of Gross Domestic Product,
Manitoba, 1986



Source: Conference Board of Canada, September, 1987

Manitoba has the most diversified economy in Western Canada.

The resource sector of Manitoba's economy -- primarily agriculture, minerals and hydro power -- directly contributes approximately 14% of real Gross Domestic Product, about the same proportion as in the Canadian economy. In contrast, the resource sectors in Saskatchewan and Alberta comprise about one-third of their respective economies. It is not surprising then, that Manitoba's economy has been less affected by cycles of resource price inflation and deflation in the 1970s and 1980s.

As well, agriculture is more diversified than in the other prairie provinces, with the result that despite severe pressure on farm incomes, the protracted period of falling world grain prices has had a somewhat less destabilizing impact on our rural communities.

Manitoba has a diversified manufacturing sector, with $5.6 billion worth of shipments in 1986. The factory gate value of manufacturing shipments is about two and one-half times the value of each of agriculture and construction output in the province. Manufacturing Gross Domestic Product (GDP) comprises 11% of total GDP in Manitoba, more than two and one-half times its share in the Saskatchewan economy and two-thirds greater than its share in Alberta.

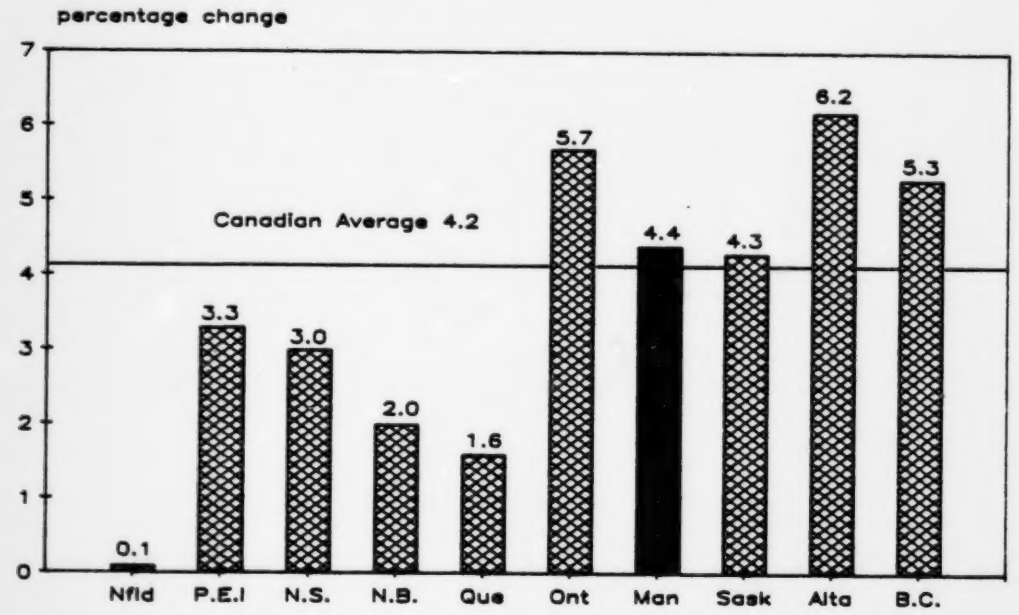
Manitoba's role as a supply, distribution and financial service centre for the western region of Canada is reflected in the relatively greater concentration of activity in service industries, compared with other Prairie provinces.

In total, commercial services -- that is, market-oriented activities in transportation and communications, trade, finance, insurance and real estate, utilities, as well as community business and personal services -- account for almost half of total employment in Manitoba.

Manitoba has had strong performance relative to other parts of Canada as measured by a number of major economic indicators.

Between the 1981 and 1986 Censuses, Manitoba's population increased 4.4%, above the 4.2% increase for Canada and the fourth highest increase among provinces.

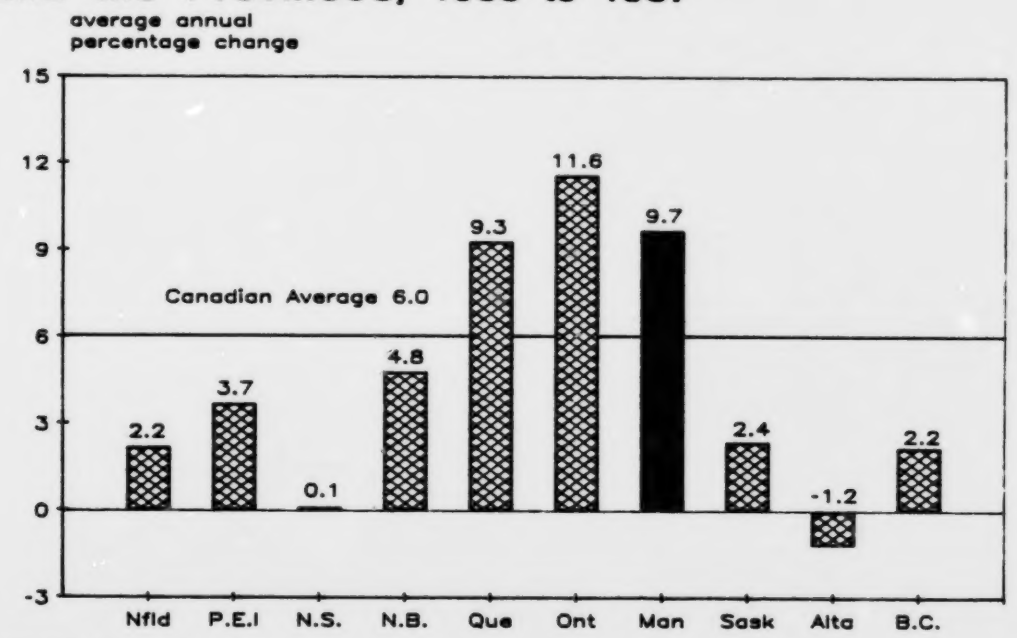
Population Change, Canada and the Provinces, 1981 to 1986



Source: Statistics Canada

Since the recession low in 1983, non-residential investment in Manitoba has increased at an average annual rate of 9.7%, to a projected $3.8 billion in 1987. The increase is substantially above the 6.0% increase for Canada and is the second strongest growth among provinces after Ontario.

Total Non-Residential Investment, Canada and the Provinces, 1983 to 1987



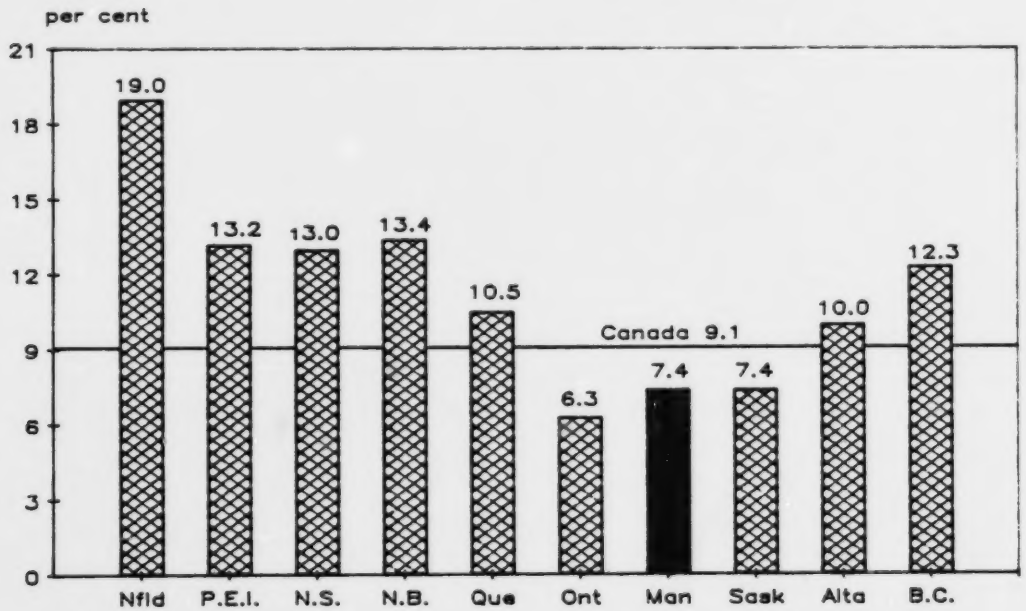
Source: Statistics Canada

The increase in housing investment in Manitoba has also exceeded the national average by a substantial margin in recent years.

The post-recession employment recovery in Manitoba was one of the earliest among provinces. In the first ten months of 1987, employment in agriculture declined by 6,000, or 12.0%. However, non-agricultural employment increased 2.4%, or close to the national average of 2.7%.

Manitoba's unemployment rate, while severely affected by the agricultural situation, averaged 7.4% in the first ten months of 1987, well below the national rate of 9.1% and tied for the second lowest among provinces.

Unemployment Rates, Canada and the Provinces, January to October, 1987

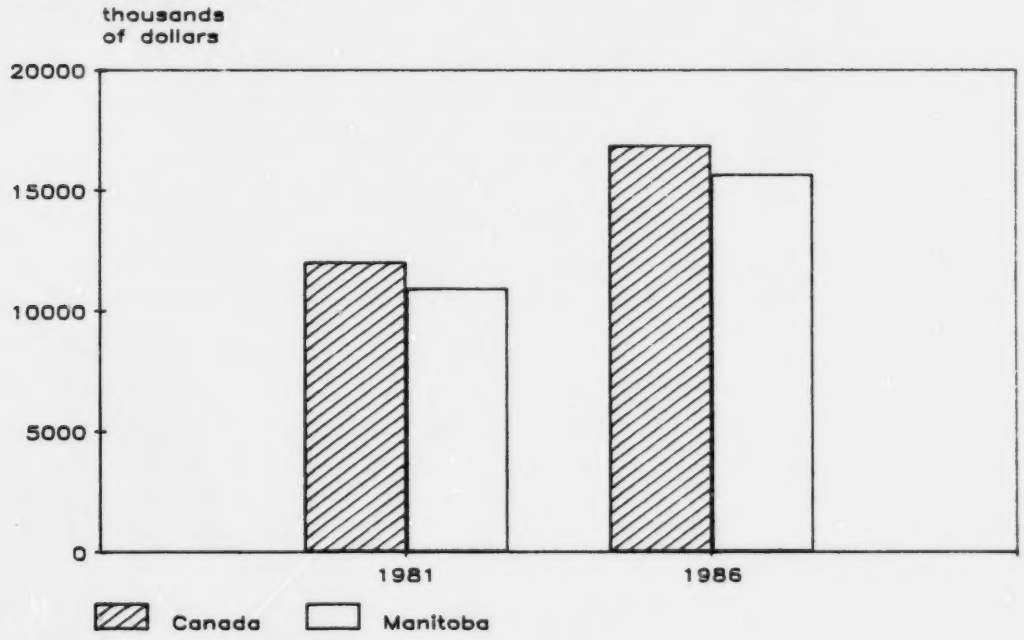


Source: Statistics Canada

Business opportunities, private initiative and co-operation among business, labour and government have contributed to a rate of net business formation -- the difference between business starts and failures -- which has exceeded the national average in each of the last three years.

Over the 1981 to 1986 period, personal income in Manitoba grew at an average annual rate of 8.5%, compared to 8.1% for Canada. Stronger growth in Manitoba reflects employment performance, including greater growth in full-time employment. It is estimated that personal income per capita increased from 91% to 93% of the national per capita average between 1981 and 1986. But the 1986 difference remained substantial, with Manitoba roughly $1,200 per person less than the national average. This gap affects the revenue the Province receives from taxation and ultimately constrains the level of public service expenditure we can undertake.

Personal Income per Capita, 1981 and 1986

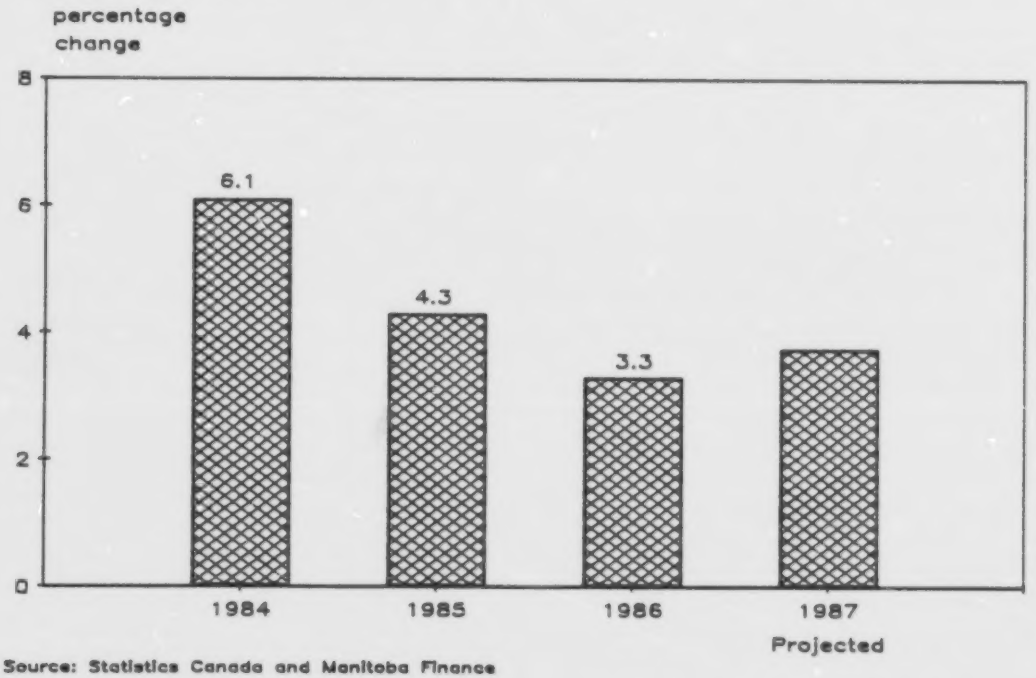


Source: Statistics Canada and Manitoba Finance

ECONOMIC OUTLOOK

The Canadian economy is slowing down from the rapid growth rates of the early expansion period. Although the resurgence in the first half of 1987 is likely to result in annual growth somewhat above the 1986 rate of 3.3%, growth is well below the 6.1% and 4.3% increases recorded in 1984 and 1985, respectively. The outlook for 1988 is for further moderation.

Economic Growth, Canada
1984 to 1987



Source: Statistics Canada and Manitoba Finance

While forecasters have generally expected continued expansion over the next year or two, in the current environment of persistent international trade and fiscal imbalances, massive capital flows and financial market volatility, many observers are concerned that the economic climate has become more uncertain.

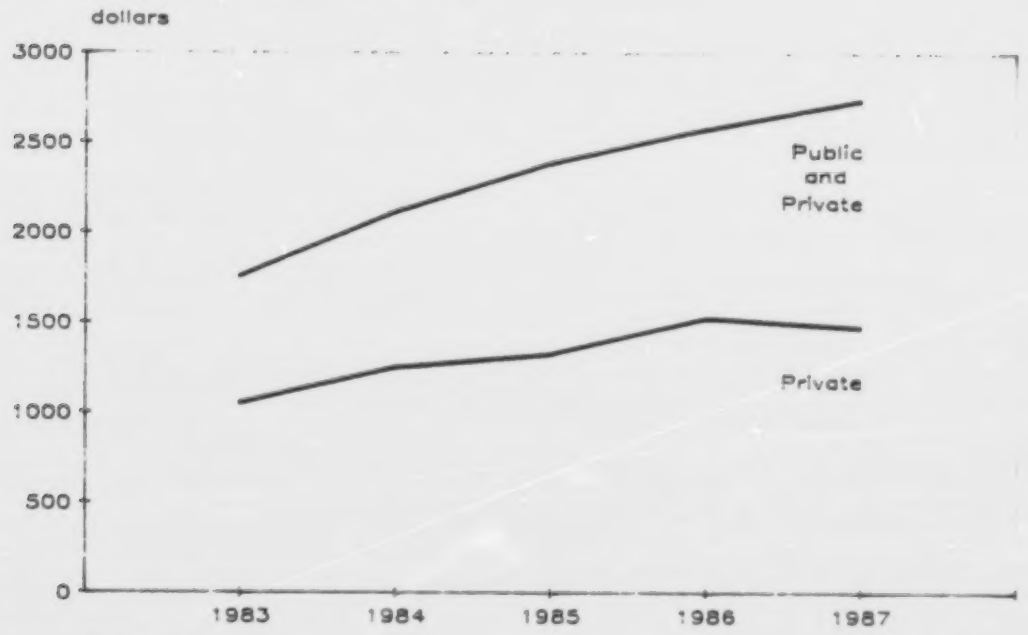
Further adjustments, particularly in trading patterns and the co-ordination of economic policies among major industrial countries, will likely be necessary to re-establish an environment of stability and confidence which will foster sustained medium-term economic expansion.

In the more immediate future, the Canadian and Manitoba economies are likely to perform more moderately than the rapid growth rates of the past few years.

In Manitoba, public sector investment is helping the Province maintain one of the lowest unemployment rates in the country. It has helped secure the economy in the 1980s and has put in place the infrastructure and assured low-cost hydro-electrical energy supply to enhance the Province's attractiveness to business.

New and existing local businesses have built upon Manitoba's economic renewal of the 1980s, expanding production capacity and workforces and strengthening the Province's export sector. As well, investment from outside the Province is reviving important sectors such as farm machinery and transportation equipment.

Non-Residential Capital Investment, Manitoba, 1983 to 1987



Source: Statistics Canada

There are a number of particular concerns in Manitoba:

- agriculture continues to be buffetted by world over-supply and unfair trading practices by the U.S. and ECC;
- our proximity to western provinces still experiencing the impact of depressed resource prices means prospects in these markets are constrained.

Our economic foundations are in place. However, we may have to weather a period of slower economic activity until the national and international environment improve.

Nevertheless, major commercial and residential construction will continue in Winnipeg's Core Area. The positive impact of Limestone investment on local companies and the local economy will be greater in the next two years than has been the case for 1986 and 1987.

Summary of Forecasts, Manitoba 1986 to 1988

Source	Real GNP (% change)			Unemployment Rate (% change)		
	1986	1987	1988	1986	1987	1988
Conference Board (Oct. '87)	3.9	2.2	2.5	7.7	7.4	7.3
Bank of Commerce (Oct. '87)	3.4	2.7	2.5	7.7	7.3	6.7
Royal Bank (Sept. '87)	3.5	2.8	3.3	7.7	7.5	7.0
Bank of Nova Scotia (Aug. '87)	3.9	2.8	2.6	7.7	7.6	7.7
Bank of Montreal (Nov. '87)	3.8	3.7	1.3	7.7	N/A	N/A
Average	3.7	2.8	2.4	7.7	7.4	7.2

FISCAL OVERVIEW

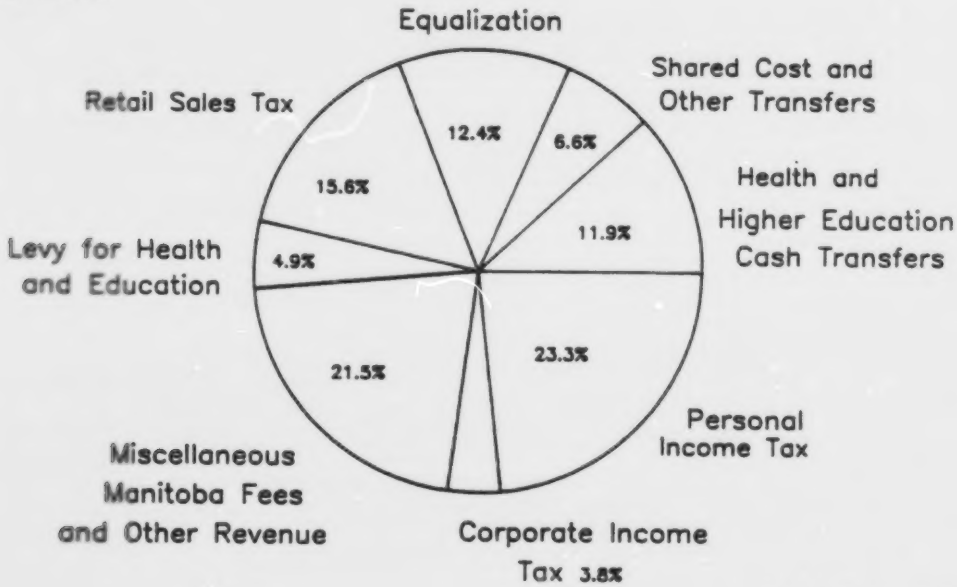
Revenues

Economic growth in Manitoba and Canada and the 1987 Budget measures have overcome the dampening effects of the series of measures which reduced federal transfer payment growth. Manitoba's revenue growth in 1987/88 is the strongest in four years.

Major sources of budgeted provincial revenue continue to be provincial income taxes (27.1% of total revenue), retail sales taxes (15.6%) and federal transfers (30.9%).

Provincial Revenue, 1987/88

Major Sources



Total Revenue $3773 Million

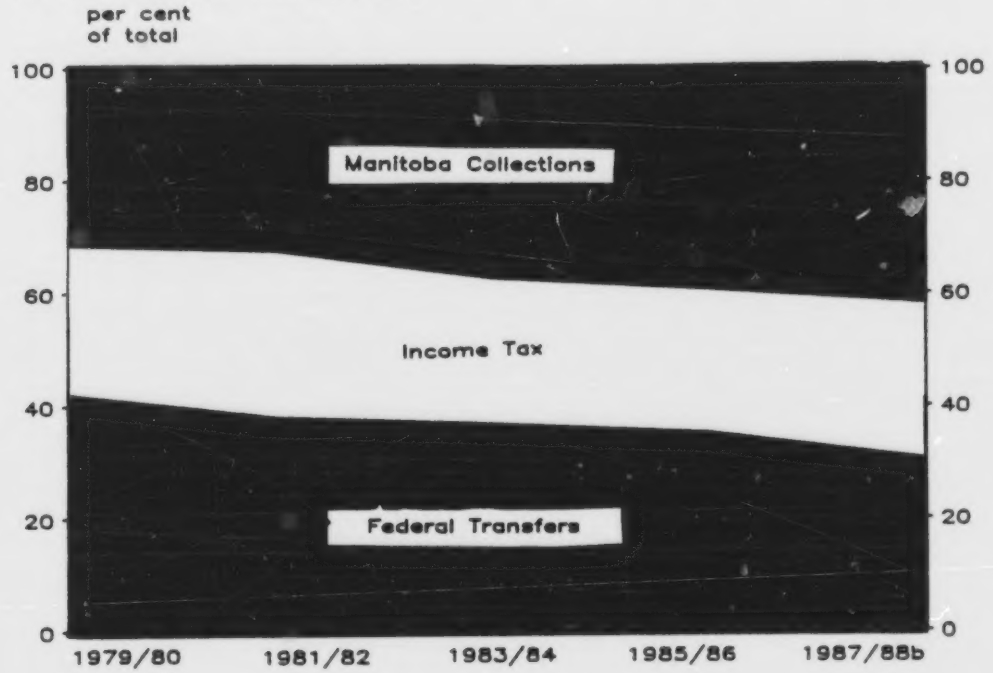
Source: Manitoba Budget 1987

Transfers

Federal transfer payments have been a concern to Manitoba since the early 1980s.

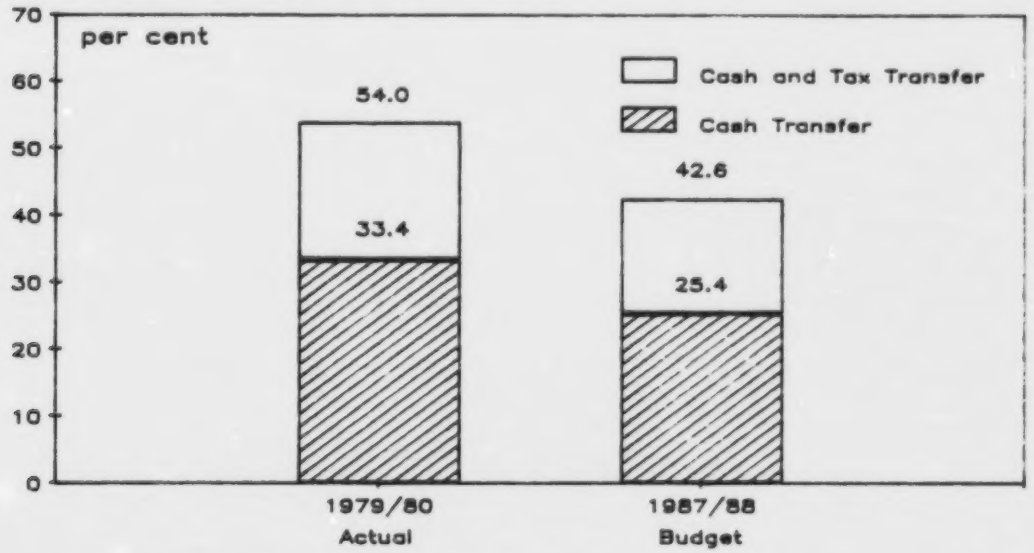
Since the beginning of this decade, reductions to existing federal transfer formulae, made unilaterally by the federal government, have caused the share of our total revenue provided by federal transfers to fall by 10 percentage points. As provincial income taxes provide a virtually identical share of total revenue as they did in 1979/80, the shortfall in federal transfers has had to be made up through Manitoba collections.

Manitoba Revenue by Source, 1979/80 to 1987/88



The share of Manitoba expenditure on health and higher education financed by federal transfers has shown a similar drop-off in the range of 10%. This means that federal funding falls more than $125 million short of providing 50/50 funding for the $1.75 billion Manitoba spends on health and higher education.

Federal Share of Manitoba Expenditure on Health and Higher Education,
Established Programs Financing Cash and Tax Transfers, 1979/80 and 1987/88



Source: Public Accounts, Manitoba Budget, 1987

Manitoba has very recently received some positive 1986 population and other adjustments to transfers for the current and prior years. However, the federal government continues to estimate major transfers to Manitoba project slow growth. Because federal funding for health and higher education is now limited to growth at 2% less than growth in the economy, the federal formula devotes a declining share of our nation's resources to these vital services at a time when needs are expanding due, in large part, to an aging population and to technological challenges. Federal equalization support for all recipient provinces has fallen from 1.34% of GNP in 1982/83 to 1.14% of GNP this year. The federal government has enacted legislation to cap equalization at this lower level of GNP which is effectively $1 billion below the cap in effect prior to 1987.

Because of these measures, cash transfers for health and higher education are projected to increase by less than 4% next year, and by approximately 1% per year after that. Equalization entitlement growth is projected at under 5% next year.

Fair Taxation

The Government of Manitoba has introduced balanced and fair revenue adjustments, with increases based on individuals' ability to pay.

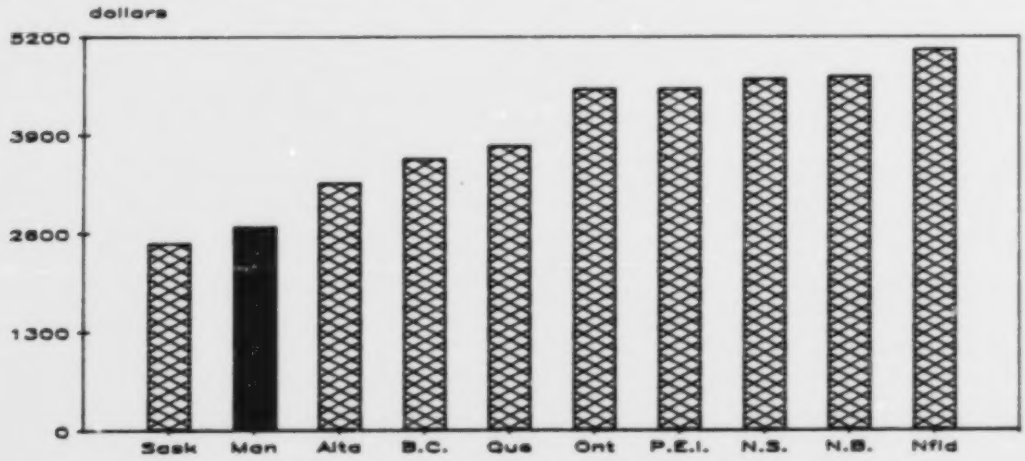
The Province of Saskatchewan 1987 Budget papers clearly show that Manitoba has been successful both in achieving greater fairness in taxation and in maintaining a very competitive tax environment.

The charts below indicate that, after all the changes introduced in provincial Budgets this year, an individual Manitoban earning $20,000 per year has the second lowest tax burden of those earning similar wages in the other provinces across Canada. A taxpayer earning $35,000 has the third lowest, and even a $50,000 earner enjoys the fourth lowest personal taxes and charges in Canada.

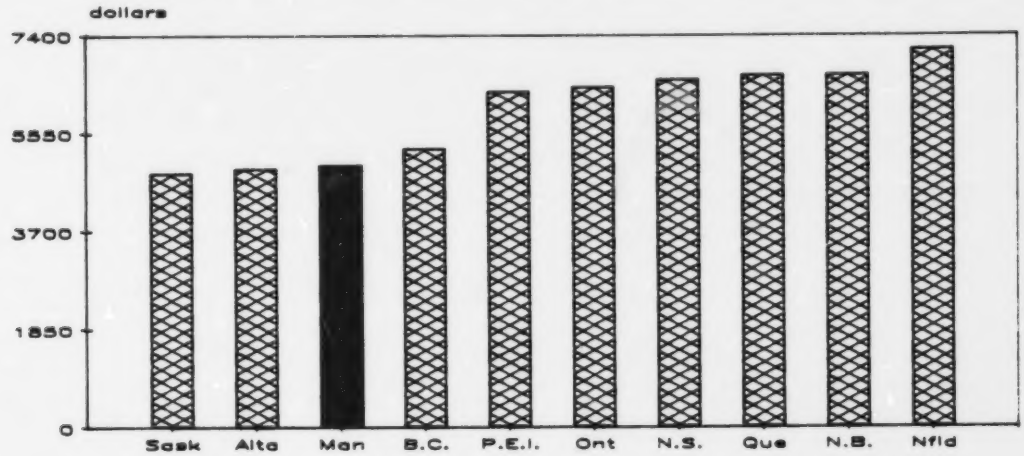
The detailed calculations from which these charts are derived are included in the appended material, together with an interprovincial tax comparison table.

Interprovincial Comparison of Taxes and Charges

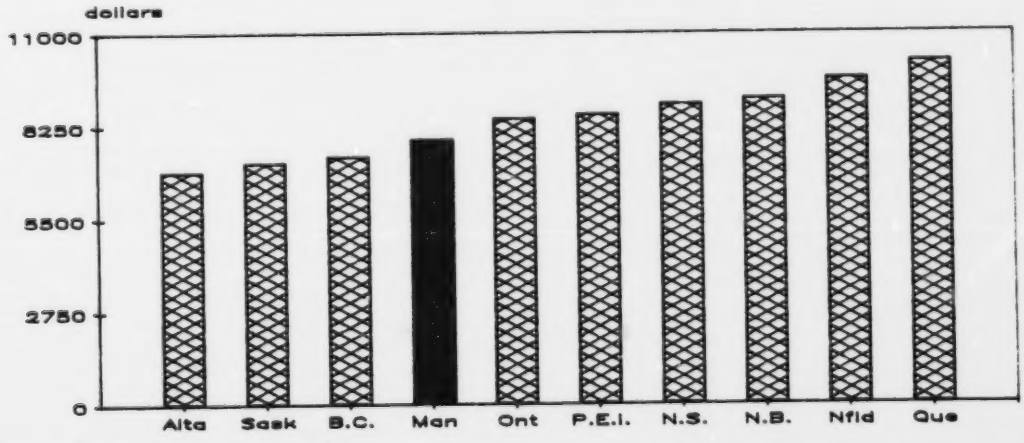
For a taxpayer with total income of $20,000



For a taxpayer with total income of $35,000



For a taxpayer with total income of $50,000



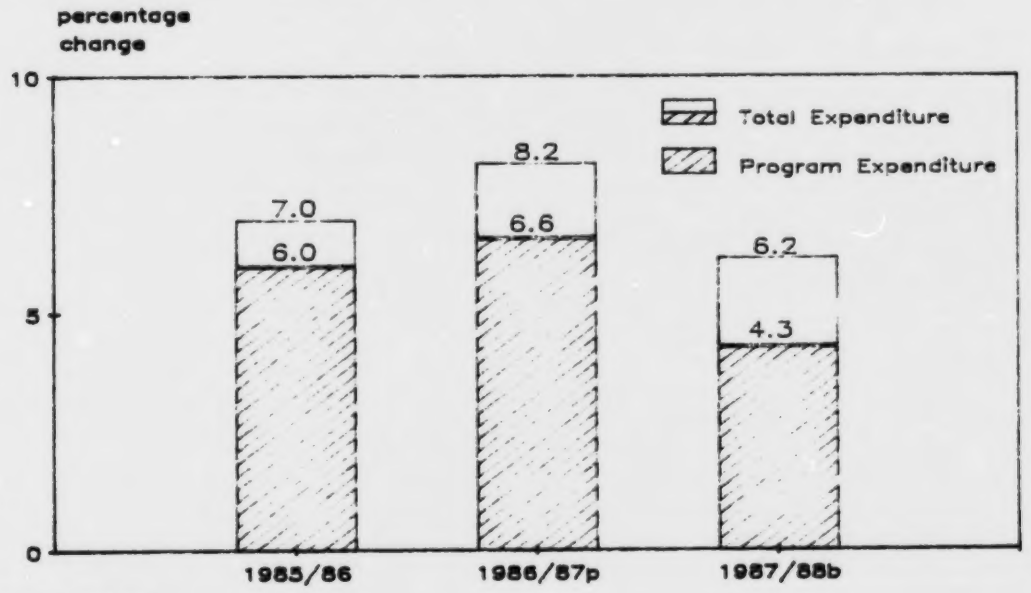
Source: Saskatchewan Budget 1987

Expenditures

Manitoba's budgeted expenditure level in 1987/88 is 6.2% higher than actual expenditure in 1986/87. However, this rate of growth is below actual growth recorded in the past two years.

Program expenditure growth, excluding public debt costs, is budgeted at 4.3%, which is close to the current rate of inflation.

Expenditure Growth, Manitoba
1985/86 to 1987/88

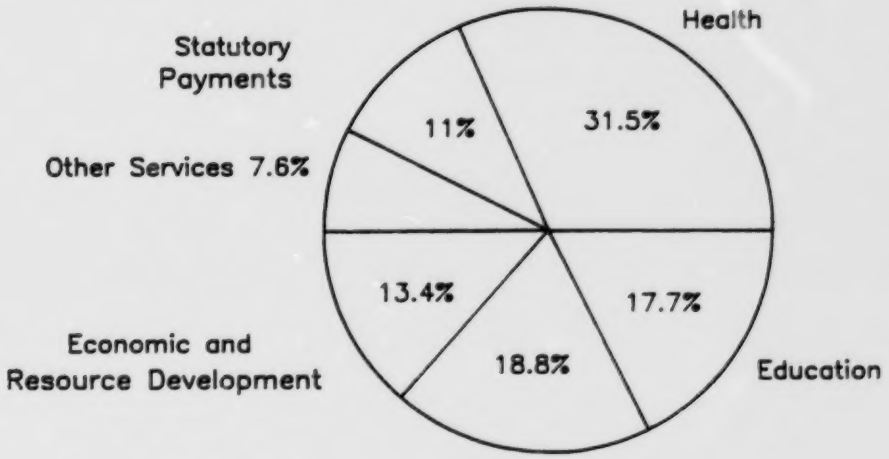


b - budget
p - projected
Source: Manitoba Department of Finance

Health and education needs require close to 50% of total budgetary expenditure and the share of program expenditure is increasing to over 55% in 1987/88. The complete expenditure summary is included in the appended material.

Provincial Expenditure, 1987/88

Major Categories



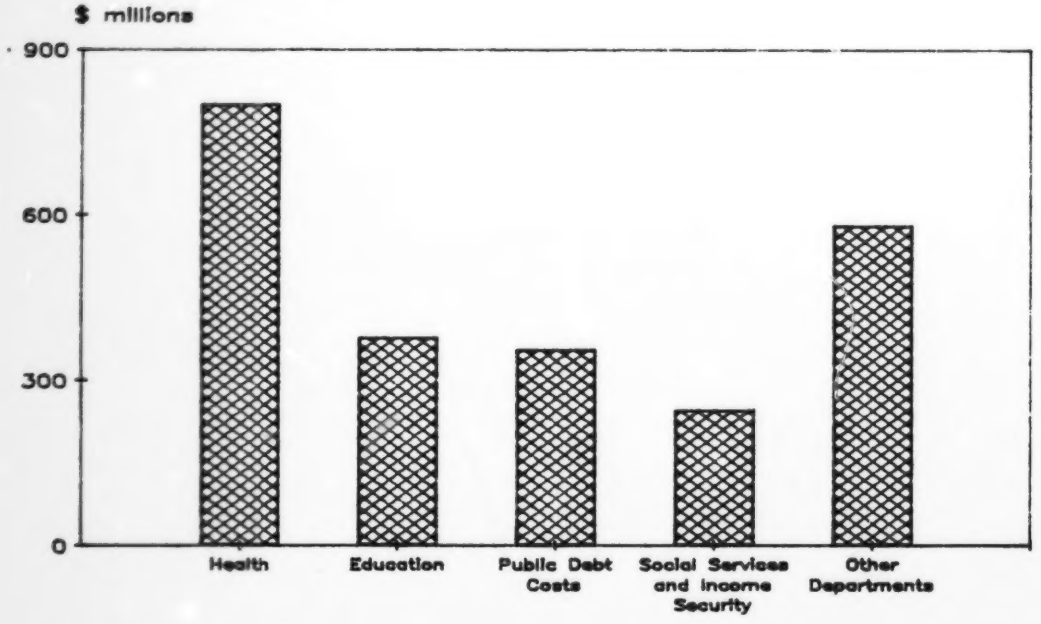
Source: Manitoba Budget 1987

Total Expenditure $4188 Million

Since the beginning of the decade, annual provincial expenditure has increased by $2.3 billion. Of this total, health has received $768 million, or 33% of the total increase; education $379 million; and social services and income security nearly $300 million. All other Government programs, including all economic development and job creation expenditures, receive $600 million more than in 1979/80.

It is a concern that Manitoba's public debt costs continue to consume an increasing portion of budgeted expenditure, now 11%. However, all provinces as a whole are also experiencing increasing debt and debt-servicing charges. Our debt-servicing costs remain within the mid-range of provincial costs per capita.

Expenditure Change by Component 1979/80 to 1987/88



Source: Manitoba Department of Finance.

Budgetary Requirements

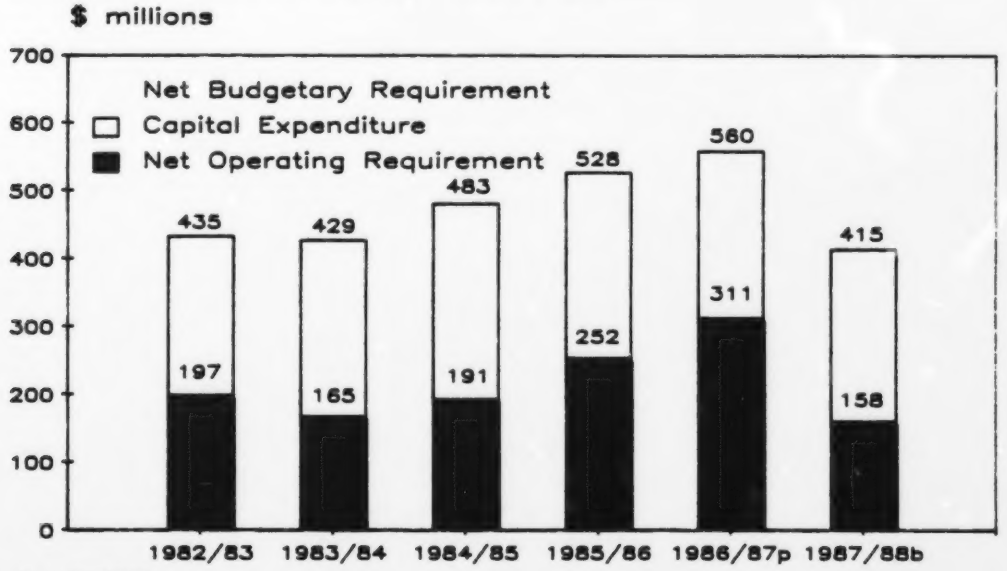
Both the net operating deficit and Manitoba's net budgetary requirement are at the lowest levels since 1982/83.

The 1987 Budget projected the net operating deficit at $158 million and the net budgetary requirement at $415 million. Preliminary indications prior to the Second Quarter Financial Report for 1987/88 suggest that these deficit targets will be met and our year-end budgetary requirement will be somewhat lower.

The Province's fiscal strategy has been successful in bringing down the deficit. Further improvement in 1988/89 is expected.

Manitoba's Budgetary Position

Summary, 1982/83 to 1987/88



b - budget

p - preliminary

Source: Manitoba Department of Finance

APPENDIX

DETAILED REVENUE, EXPENDITURE AND TAX COMPARISON TABLES

1987/88 Revenue Estimates

		1987/88 Estimate	% of Total
OWN SOURCE REVENUE			
Manitoba Collections		$1,583,981,500	42.0
Taxes, Levies and Collections			
° Land Transfer Tax	$ 21,400,000		
° Corporation Capital Tax	58,700,000		
° Gasoline Tax	115,000,000		
° Insurance Corporations Tax	17,700,000		
° Levy for Health & Education	184,800,000		
° Mining Tax	7,000,000		
° Motive Fuel Tax	73,800,000		
° Oil & Natural Gas Tax	7,500,000		
° Retail Sales Tax	590,000,000		
° Revenue Act, 1964, Part I	40,500,000		
° Tobacco Tax	93,000,000		
° Other Taxes	5,155,000		
° Reciprocal Taxation Agreement	16,800,000		
Sub-Total	$1,231,355,000		
Fees and Other Revenue			
° Fines & Costs; Land Titles; & Other Legal	$ 20,675,100		
° Minerals & Petroleum & Other Energy & Mines	5,203,200		
° Automobile & Motor Carrier Licences & Fees	40,981,700		
° Drivers' Licences	7,448,900		
° Water Resources	31,636,000		
° Parks; Forestry; Fisheries & Other Natural Resources	15,157,000		
° All Other Manitoba Collections	77,524,600		
Sub-Total	$ 198,626,500		
Liquor Control Commission	$ 154,000,000		
Income Taxes		1,023,500,000	27.1
° Corporation Income Tax	$ 142,600,000		
° Individual Income Tax	880,900,000		
FEDERAL TRANSFERS		1,165,127,300	30.9
Equalization	$ 469,000,000		
Health and Higher Education Cash Transfer	$ 447,000,000		
Shared-Cost and Other Transfers			
° Canada Assistance Plan	$ 170,802,500		
° Other	78,324,800		
Sub-Total	$ 249,127,300		
TOTAL REVENUE		$3,772,608,800	100.0

1987/88 Expenditure Estimates

		1987/88 Estimate	% of Total
Health		$1,327,380,500	31.5
Education		747,334,100	17.7
Other Social Resources and Assistance to Local Governments and Taxpayers		793,732,600	18.8
° Community Services	$203,787,700		
° Culture, Heritage & Recreation	19,949,000		
° Employment Services & Economic Security	236,184,900		
° Labour	9,846,900		
° Municipal Affairs	41,869,500		
° Urban Affairs	64,994,600		
° Tax Credit Payments	217,100,000		
Economic and Resource Development		511,775,500	12.1
° Agriculture	$ 84,664,800		
° Business Development & Tourism	18,337,300		
° Co-operative Development	3,260,600		
° Crown Investments	787,400		
° Energy & Mines	11,972,900		
° Environment & Workplace Safety & Health	12,272,300		
° Highways & Transportation	203,520,800		
° Housing	47,869,900		
° Industry, Trade & Technology	8,935,900		
° Natural Resources	85,960,800		
° Northern Affairs	26,381,100		
° Canada-Manitoba Enabling Vote	7,811,700		
Manitoba Jobs Fund		55,000,000	1.3
Other Services		320,529,400	7.6
° Legislation	$ 9,371,000		
° Executive Council	2,587,900		
° Attorney General	82,099,300		
° Civil Service	63,068,200		
° Consumer & Corporate Affairs	4,444,400		
° Emergency Interest Rate Relief	1,445,000		
° Finance - Departmental Programs	17,919,600		
° Government Services	138,594,000		
° Flood Control & Emergency Expenditures	1,000,000		
Statutory Finance Payments		462,108,200	11.0
° Public Debt Costs	438,223,500		
° Hydro Rate Stabilization	23,884,700		
TOTAL EXPENDITURE ESTIMATES		$4,217,860,300	100.0
Less Year-End Savings		30,000,000	
TOTAL BUDGETARY EXPENDITURE		$4,187,860,300	

October 5, 1987.

INTER-PROVINCIAL COMPARISON OF MAJOR LEVIES

	RATES										MANITOBA'S RANKING (1=HIGHEST)
	NFLD.	P.E.I.	N.S.	N.B.	QUE.	ONT.	MAN.	SASK.	ALTA.	B.C.	
Personal Income Tax (% of Basic Federal Tax)	60.0	55.0	56.5	58.0	*	50.0(a)	54.0(a)	50.0(a)	46.5(a)	51.5(a)	(5)
Corporation Income Tax (% of Taxable Income)(b)											
° Large	16.0	15.0	15.0	15.0	5.9	15.5	17.0	17.0	15.0	15.0	(1-2)
° Small	10.0	10.0	10.0	9.0	3.2	10.0	10.0	10.0	9.0	11.0	(2-7)
Sales Tax (%)	12.0	10.0	10.0	11.0	9.0	7.0	7.0	7.0	-	6.0	(6-8)
Gasoline (¢/l.)	9.8	8.9	8.3	7.6	14.40	8.3	8.0(c)	7.0	5.0	7.49(c)	(6)
Diesel Fuel (¢/l.)	12.1	10.5	8.7	8.1	12.45	9.9	9.9	7.0	5.0	7.93	(4-5)
Locomotive Fuel (¢/l.)	-	10.5	-	3.5	9.0%	3.1	13.6	15.0	5.0	2.62	(2)
Tobacco Tax (¢/cig.)	4.78(d)	3.50	4.50	4.12	4.52	2.83(d)	4.60(d)	4.68	4.00	4.08	(3)
Capital Tax (%)	-	-	-	-	0.48	0.3	0.3(e)	0.5	-	-	(3-4)
° Banks (%)	2.0	-	1.5	2.0	0.97	0.8	3.0	3.0	-	2.0	(1-2)
° Trust and Loan Companies (%)	2.0	-	1.5	2.0	0.97	0.6	3.0	3.0	-	0.6	(1-2)
Employer Health/Education Levies (% of compensation paid)											
° $15,000	-	-	-	-	3.22	4.76(f)	2.25	-	2.88(f)	3.36(f)	(5)
° $20,000	-	-	-	-	3.22	3.57(f)	2.25	-	2.16(f)	2.52(f)	(4)

* The Quebec personal income tax is levied directly against taxable income.

(a) These provinces impose surtaxes on higher income taxpayers. Saskatchewan levies a 1.5% tax on "net income." Manitoba levies a 1.0% tax on "net income."

(b) The rates shown are the general rates. Some provinces apply special rates to certain types of business income.

(c) Manitoba levies a 0.9¢/l. and B.C. a 2.0¢/l. surcharge on leaded fuel. Motor fuel sold in the Greater Vancouver area is also subject to a 2.5¢/l. transit levy.

(d) These provinces also apply sales taxes to tobacco products.

(e) Manitoba imposes a 0.2% surcharge on large corporations.

(f) These provinces do not have employer levies per se. However, employers generally pay health/medicare premiums on behalf of employees. The rates shown reflect the family premium rates currently in effect. Furthermore, the $100,000 payroll exemption results in only 8,400 employers paying the Levy in Manitoba.

INTERPROVINCIAL COMPARISON OF TAXES AND CHARGES

Saskatchewan Budget, 1987

TABLE 1: For a Taxpayer with Total Income of $20,000 per annum

	British Columbia	Alberta	Sask-atchewan	Manitoba	Ontario	Quebec	New Brunswick	Nova Scotia	Prince Edward Island	New-foundland
Provincial Income Tax	$ 799	$ 777	$ 594	$ 760	$ 776	$ 438	$ 900	$ 876	$ 853	$ 931
Tax Credits and Rebates	(380)	-	-	(513)	(226)	(22)	-	-	-	-
Health Premiums	504	432	-	-	714	-	-	-	-	-
Retail Sales Tax	248	-	260	439	402	423	524	477	385	695
Gasoline Tax	245	135	-	240	224	389	221	240	243	265
Total Taxes	$1,416	$1,344	$ 854	$ 926	$1,890	$1,228	$1,645	$1,593	$1,481	$1,891
Car Insurance	$ 694	$ 833	$ 459	$ 509	$1,022	$ 921	$ 594	$ 600	$ 472	$ 596
Telephone	175	111	97	87	147	133	121	141	136	126
Home Heating	825	591	650	857	1,062	1,197	1,854	1,757	1,789	1,949
Electricity	489	399	421	321	401	291	473	565	645	481
Total Charges	$2,183	$1,934	$1,627	$1,774	$2,632	$2,542	$3,042	$3,063	$3,042	$3,152
Total	**$3,599**	**$3,278**	**$2,481**	**$2,700**	**$4,522**	**$3,770**	**$4,687**	**$4,656**	**$4,523**	**$5,043**

TABLE 2: For a Taxpayer with Total Income of $35,000 per annum

	British Columbia	Alberta	Sask-atchewan	Manitoba	Ontario	Quebec	New Brunswick	Nova Scotia	Prince Edward Island	New-foundland
Provincial Income Tax	$2,390	$2,402	$2,821	$2,722	$2,320	$3,168	$2,691	$2,622	$2,552	$2,784
Tax Credits and Rebates	(380)	-	-	(353)	-	-	-	-	-	-
Health Premiums	504	432	-	-	714	-	-	-	-	-
Retail Sales Tax	344	-	370	587	553	567	720	657	523	954
Gasoline Tax	245	135	-	240	224	389	221	240	243	265
Total Taxes	$3,103	$2,969	$3,191	$3,196	$3,811	$4,124	$3,632	$3,519	$3,318	$4,003
Car Insurance	$ 694	$ 833	$ 459	$ 509	$1,022	$ 921	$ 594	$ 600	$ 472	$ 596
Telephone	175	111	97	87	147	133	121	141	136	126
Home Heating	825	591	650	857	1,062	1,197	1,854	1,757	1,789	1,949
Electricity	489	399	421	321	401	291	473	565	645	481
Total Charges	$2,183	$1,934	$1,627	$1,774	$2,632	$2,542	$3,042	$3,063	$3,042	$3,152
Total	**$5,286**	**$4,903**	**$4,818**	**$4,970**	**$6,443**	**$6,666**	**$6,674**	**$6,582**	**$6,360**	**$7,155**

TABLE 3: For a Taxpayer with Total Income of $50,000 per annum

	British Columbia	Alberta	Saskatchewan	Manitoba	Ontario	Quebec	New Brunswick	Nova Scotia	Prince Edward Island	Newfoundland
Provincial Income Tax	$4,383	$4,420	$5,100	$5,481	$4,258	$ 6,550	$4,936	$4,809	$4,681	$5,107
Tax Credits and Rebates	(380)	-	-	(325)	-	-	-	-	-	-
Health Premiums	504	432	-	-	714	-	-	-	-	-
Retail Sales Tax	439	-	480	715	665	680	873	798	839	1,148
Gasoline Tax	245	135	-	240	224	389	221	240	243	265
Total Taxes	$5,191	$4,987	$5,580	$6,111	$5,859	$ 7,619	$6,030	$5,845	$5,563	$6,520
Car Insurance	$ 694	$ 833	$ 459	$ 509	$1,022	$ 921	$ 594	$ 600	$ 472	$ 596
Telephone	175	111	97	87	147	133	121	141	136	126
Home Heating	825	591	650	857	1,062	1,197	1,854	1,757	1,789	1,949
Electricity	489	399	421	321	401	291	473	565	645	481
Total Charges	$2,183	$1,934	$1,627	$1,774	$2,632	$ 2,542	$3,042	$3,063	$3,042	$3,152
Total	$7,374	$6,921	$7,187	$7,885	$8,491	$10,161	$9,072	$8,908	$8,606	$9,672

NOTES:

The tables are based upon a taxpayer claiming a spouse and two children (one child aged 6 or under and one child aged 12-15). Total income includes earned income and family allowance payments (at 1987 rates). Earned income in Quebec and Alberta has been adjusted to compensate for the different family allowance payments in those provinces. In addition to personal exemptions, the employment expense deduction and CPP/QPP and UI contributions calculated at 1987 rates are deducted in computing tax. Gross Quebec personal income tax has been reduced by 16.5% of basic federal tax in respect of contracting out of certain federal-provincial programs. Provision is made in the calculation for provincial tax reductions, where applicable.

Tax credits and rebates refer to refundable provincial income tax credits and rebates designed to reduce the burden of property taxes, retail sales tax and provincial income tax. The taxpayer is assumed to own a home upon which $1,000 in property taxes are paid in 1987.

Health premiums are annual family premiums for hospital insurance and medical services. No provision is made for employer subsidization of these premiums.

Retail sales tax is based upon average expenditures for a Prairie family of four at the identified gross family income levels from **Survey of Family Expenditures in 1982** (Statistics Canada micro data file). The expenditures have been adjusted to reflect Saskatchewan consumption patterns. The sales tax base in each province was identified from the various provincial Acts. On this basis, estimates of total taxable family expenditures in each province were prepared.

Gasoline tax is based on an annual consumption of 2,700 litres of regular leaded gasoline.

The following cities were surveyed for the remaining charges: Vancouver, Calgary, Regina, Winnipeg, Toronto, Montreal, Saint John, Halifax, Charlottetown and St. John's. All rates are as at May 1987 unless otherwise indicated.

Car insurance is based upon the rate for a married male, over 30 years of age, driving a 1984 Chevrolet Caprice Classic. Coverage includes $500,000 third party liability, $250 deductible collision and $50 deductible comprehensive.

The telephone charge is for the main telephone in an individual residence. Rates include applicable municipal taxes and surcharges but do not include provincial retail sales tax. Telephone charges for Saskatchewan include a $0.15 monthly Abilities Surcharge to fund special telephone services for the hearing and sight impaired.

Home heating charges assume an annual consumption of 168 mcf of natural gas. For the Atlantic Provinces, the figures represent the BTU equivalent consumption of fuel oil. Rates include applicable municipal taxes and surcharges but do not include provincial retail sales tax.

Charges for electricity are based upon an annual consumption of 7,200 kW.h. Rates include applicable municipal taxes and surcharges but do not include provincial retail sales tax.